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S E C R E T SECTION 01 OF 02 KUWAIT 000560

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STATE FOR NEA/ARPI, LONDON FOR TSOU, PARIS FOR ZEYA

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SUBJECT: SHI'A MP DISILLUSIONED BY RAMPANT GOVERNMENT  
CORRUPTION

Classified By: CDA Matthew Tueller for reasons 1.4 (b) and (d)

11. (S) Summary and Comment: Saleh Khorshid, a moderate Shi'a member of Parliament, told Poloff in a February 15 meeting that he was pessimistic about the prospects for political and economic reform in Kuwait given what he characterized as wide-spread, institutionalized government corruption. He said corruption permeated the top ranks of Kuwaiti government, heavily influenced political decision-making, and blocked progress on important legislation. He told of Cabinet Ministers offering lucrative contracts and business deals to MPs in exchange for their support on particular issues, and gave two specific examples of corrupt activities from his experience. He said any legislation could be passed through Parliament given the right price. Khorshid suggested Shaykh Nasser Mohammed, formerly Minister of Amiri Diwan Affairs, was chosen as Prime Minister due to the favors he did for Shaykh Sabah, then Prime Minister, including "providing" the late Amir's signature on documents. Khorshid was not optimistic the new Government would seriously address important legislation before the 2007 parliamentary elections. We find Khorshid's remarks credible. Family and business relationships amongst politicians, ministers, and businessmen in Kuwait are incestuous and few major decisions are made without considerable resort to personal connections and shady dealing. While the system is frequently criticized, so many individuals profit from it that there is little incentive for a systemic overhaul. End summary and comment.

Corruption at the Top

12. (S) MP Saleh Khorshid, a former Minister of Commerce, told Poloff in a February 15 meeting that he was disillusioned by the rampant corruption that permeated all aspects of the Kuwaiti political system. Some of the most vocal proponents of anti-corruption measures were some of the worst offenders, he said. He specifically mentioned National Assembly Speaker Jassem Al-Khorafi's sons and, by implication, the Speaker, who Khorshid said "must know about it because he benefits from it"; Kuwait Chamber of Commerce Chairman Ali Al-Ghanim, who Khorshid said had even sponsored a conference on corruption and whose wife, Dr. Fayzah Al-Khorafi, was the Speaker's sister; and "the people surrounding (Amir) Shaykh Sabah Al-Ahmed." "Everyone knows it, but they won't say anything," he added. Khorshid claimed that even Shaykh Sabah, while Prime Minister, had personally pressured him to "break the law." (Comment: Khorshid mentioned this episode in the midst of a general discussion on government corruption, and did not seem intent on slandering the Amir. End comment.) Khorshid characterized Shaykh Sabah, Jassem Al-Khorafi, the Kuwait Chamber of Commerce as the "triangle of decision-making power" in Kuwait.

Two Episodes the MP Says Highlight Rampant Corruption

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¶3. (S) Asked for specific examples of corrupt activities, Khorshid related two from his experience in government. First, while Minister of Commerce, Khorshid said four "powerful" MPs were bribed to "pressure" him to issue a ministerial certificate substantiating Jassem Abdul Rahman Al-Baher's claim to be Chairman of the Kuwait Real Estate Company (KREC), a claim disputed by a rival. According to Khorshid, one MP affiliated with the Islamic Constitutional Movement (ICM), Mubarak Al-Duwaila, received 70,000 KD (\$240,000) from KREC for his support. Another liberal MP, Mishari Al-Usami, served as the company's lawyer and was paid 650,000 KD (\$2.2 million) per year. Khorshid said the two other MPs -- Faisal Al-Shaya, a liberal affiliated with the Kuwait Democratic Forum (KDF), and Abdullah Nibari, the current Secretary General of the KDF -- were less directly involved.

¶4. (S) The second episode Khorshid mentioned related to the Kuwait Northern Warehousing Project, which he introduced in 2002 when he was Minister of Commerce. (Comment: Post is unaware of a project by this name. End comment.) According to Khorshid, the project, which would have unspecified positive "political, economic, security, and social" effects, was being stalled by a coalition of Hamad Sabah Al-Ahmed, one of the Amir's two sons; one of Al-Khorafi's sons; and "one other person." (Comment: Khorshid clearly knew who the third person was, but did not want to say. End comment.) Khorshid claimed the plan to develop Kuwait's northern oil fields, known as Project Kuwait, was being similarly delayed.

Prime Minister Not a Reformer

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¶5. (S) Khorshid said he was disillusioned by the rampant corruption and predicted the new Government would accomplish little of substance before the 2007 parliamentary elections. He said he was "surprised" and "disappointed" in the choice of Shaykh Nasser Mohammed Al-Ahmed as Prime Minister. Khorshid suggested Shaykh Nasser Mohammed, formerly the Minister of Amiri Diwan Affairs, was chosen because he had "helped Shaykh Sabah a lot when he was Prime Minister" by "providing" the late Amir's signature on documents. (Comment: National Guard Chief Shaykh Salem Al-Ali Al-Salem previously criticized the Government for the same reason, claiming Shaykh Nasser Mohammed was "unconstitutionally" forging the Amir's signature on Government documents. End comment.) Noting that Shaykh Nasser Mohammed lacked Shaykh Sabah's charisma and influence in Parliament, Khorshid predicted he would soon have "a number of problems" in Parliament and would be replaced after the 2007 national elections. (Note: The Prime Minister is not an elected position and it would be remarkable for a sitting Prime Minister from the ruling family to be unseated. End note.)

Bio Note

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¶6. (C) Salah Khorshid, one of five Shi'a MPs in the current Parliament, was re-elected on July 5, 2003. He has been a Member of Parliament since 1996 and was also Minister of Commerce and Industry in the previous Government. He is considered pro-government on most issues and supports U.S. efforts in Iraq. He was born in 1963 and smokes heavily. After recent heart problems, he underwent surgery to install a pacemaker. He speaks good English and bragged to Poloff about his collection of sports cars, which included a Bentley GT and a brand new red Ferrari F430.

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